FBIS DAILY REPORT

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REPORTAGE CONTINUES ON GATT TALKS IN URUGUAY

Minister Protests U.S. Embargo

PA171950 Managua Radio Sandino in Spanish 1200 GMT 17 Sep 86

[Text] Punta del Este -- During a GATT meeting here, Nicaragua has said the powerful countries are using trade and finance as instruments of political pressure over other states and demanded the creation of an international order where justice and law prevails.

Joaquin Cuadra, minister president of the Nicaraguan Central Bank, said before the GATT plenary session that the protectionist barriers should be eliminated in order to counter the use of force, blackmail, and threats by the powerful.

Cuadra protested the U.S. commercial embargo, adding that Nicaragua has experienced the systematic violation of commercial agreements. He stressed that sugar exports to its largest market were unilaterally reduced by 90 percent in 1983.

In his extensive speech, Cuadra demanded firm and verifiable commitments, proposing as a goal the total liberation of trade on tropical projects and a thorough incorporation of the agricultural sector to the GATT.

He stressed that the crude reality of the poor countries' feeble economies is that they must sell their products at very low prices while buying what they need at very high prices. He noted the great difficulties experienced with export activities due to low prices and protectionistic barriers, which hinder the poor peoples' development.

Colombian Proposal Fails

PY171628 Paris AFP in Spanish 0115 GMT 17 Sep 86

[By Claudio Paolillo]

[Excerpt] Punta del Este, 16 Sep (AFP) -- Latin American sources have reported that the proposal made by the Colombian delegation seeking to find a rapprochement around the difficult issue of services today ran against the indifference of the U.S. delegation and representatives of other countries which oppose its inclusion within GATT.

Samuel A Yohai, the head of the Colombian delegation, on 15 September proposed that the liberation of trade services (banks, insurance, tourism) be negotiated outside the Trade Negotiations Committee of GATT, but within the treaty.

The U.S. delegation has requested the inclusion of services and other nontraditional issues (copyrights and investments) within GATT and warned if this is not done it will not participate in the next round of multilateral trade negotiations.

The so-called "Group of 10" headed by Brazil and India does not accept the discussion of those issues within GATT, and has proposed their discussion at an interministerial governmental conference that would have no links with GATT. These negotiations would also consider the question of commodities.

Yohai today told AFP that in the last few hours, he has spoken with the members of the U.S. delegation, the Group of 10, and other interested groups, but admitted that his negotiations were not very successful. [passage omitted]

Cervantes Addresses Meeting

PA172202 Mexico City XEW Television Network in Spanish 1300 GMT 17 Sep 86

[Text] In his first speech before the participants at the GATT conference under way in Punta del Este, Uruguay, Mexican Trade Secretary Hector Hernandez Cervantes said the connection between trade and the foreign debt should be attended to immediately to prevent serious damage to the international financial system.

The trade secretary said Mexico has allotted $30 billion to the debt in the past 3 years, and requested the cooperation of the industrialized countries and international financial authorities to avoid any damage to the incomes of the indebted countries.

Meanwhile, World Bank President Barber Connelly warned that the economic decline of the underdeveloped countries will benefit the exporting industries in the developed countries. A document issued by the IMF, which was read during yesterday's meeting, points out that protectionism is not practiced exclusively by the United States and advocated its elimination.

Various subjects were discussed yesterday at the GATT meeting; among them the liberation of the trade of tropical products and the agricultural sector's inclusion in the agreement. Also discussed were topics related to service-related trade within the GATT, and the possible inclusion of the USSR in this agreement.

Mexico on Service Trade

PY171953 Paris AFP in Spanish 2331 GMT 16 Sep 86

[Text] Punta del Este, 16 Sep (AFP) -- On the second day of the GATT ministerial conference, Mexico today adopted an intermediate position regarding the inclusion of the service trade within GATT.

Speaking at a plenum of the GATT conference, which is being attended by representatives of 74 of the 92 GATT signatories, Mexican Secretary of Commerce and Industrial Development Hector Hernandez today said his country will not prejudge the discussion of the new world trade topics during this round of talks. However, Hernandez stated that Mexico is concerned about the new trends in international trade relations that seek to tie access to markets, and financial resources, with exemptions on direct investment, deregulation on the services issue, and changes in rules that govern copyrights.

In his statement, which did not entail rejection of the inclusion of new topics, Hernandez alluded to the U.S. warning that it would not participate in a new round of negotiations if these topics are not included within GATT.

Hernandez also vigorously demanded that the foreign debt (Mexico's totals $98 billion) issue be linked to international trade, thus endorsing the position outlined earlier by other Latin American delegates.

Hernandez said it would be useful to establish common principles and rules within GATT, the IMF, and the World Bank in order to prevent creditor countries from imposing measures that would be detrimental to the export revenus of debtor countries.

He added that an effective mechanism should also be established between the GATT and the IMF to effectively follow up the monetary policy, world trade developments, and trade policy. Hernandez said: Arrangements in the area of trade, currency, and financing must be transparent, equitable, and well balanced.

Peru Charges Developed Countries

PY171605 Paris AFP in Spanish 2338 GMT 16 Sep 86

[Text] Punta del Este, 16 Sep (AFP) -- On the second day of the ministerial GATT (General Agreement on Tariff and Trade) conference being held here, Peru today charged the developed countries with distributing markets among themselves and with damaging underdeveloped countries with their subsidy war.

Speaking to hundreds of delegates from 74 countries, Peruvian Deputy Minister of Commerce Pedro Menendez said the international trade system is suffering a crisis; there are many bilateral and sectoral agreements, excessive safeguards, abuses in the implementation of antidumping rights, and other restrictions.

Menendez said developed countries increasingly tend to distribute the market among themselves and are engaged in a war of subsidies, espcially in the agricultural sector. Menendez said the prospects for developing countries, especially those having debt problems, are truly gloomy and discouraging.

Menendez reaffirmed the Peruvian Government's opposition to the inclusion of service trade in a possible new round of trade talks. This position is shared by the Group of 10, of which Peru is a member.

At present, he said, there are international organizations dealing with specific aspects of service trade. Therefore, no codes or additional agreements are necessary within GATT. Nevertheless, Menendez said, we have not closed the door to dialogue and studies on service trade should continue. But the interests, the national laws, and the economic systems of the various countries should be taken in to account.

Zerbino on Meeting's Success

PY170200 Montevideo Radio Carve in Spanish 0000 GMT 17 Sep 86

[Excerpt] Speaking before the delegations present here at the San Rafael hotel, Economy and Finance Minister Ricardo Zerbino has stated that in order to prevent failure and ensure the success of the GATT meetings here in Punta del Este it is indispensable to have all the contracting parties contribute with a firm political will.

The economy and finance minister stated that respect for the agreement's regulations and the adoption of new lines, multilaterally agreed upon, are essential to achieve an equitable framework that offers the economic agents a stable and predictable future and permits them to act for everyone's benefit.

Zerbino also stated the adoption of measures which seek to resolve in the short-term the problems affecting some economies, causes serious distortions in international trade. [passage omitted]

Minister Noir Denies Agreement

PY171503 Paris AFP in Spanish 0028 GMT 17 Sep 86

[By Special Correspondent Yvan Chemla]

[Text] Punta del Este, 16 Sep (AFP) -- French Trade Minister Michel Noir today warned against quiet optimism and denied the existence of an agreement between the United States, Australia, and France regarding agricultural issues.

During a press conference held outside the framework of the GATT conference, the French minister noted the need to be realistic so as to overcome the unreal atmosphere that prevails in Punta del Este and the rumors that are circulating.

Noir said that he does not believe that the declaration proposal submitted by Switzerland and Colombia, known as project No 47, can be acceptable in its present form either in July or now. He added that if it is resubmitted, it will destroy the initiative to hold a new round of negotiations, which is the objective of the present ministerial meeting. Noir noted that our attitude is not a tactical one. We are not accustomed to make irrelevant statements.

Noir said France has expressed its position in reasonable terms and that it will not accept a text that does not provide for the restoration of a better balance between the benefits and the obligations of every one involved, that does not clearly state the overall nature of the negotiation, that does not establish a relation between trade, the financial aspect and the monetary aspect, and that limits itself to discuss only the subsidies of exports in the agricultural sectors.

The French minister said negotiations must include the basic problems affecting agriculture, that is the surpluses and the overall national measures that support the agricultural sector. Noir said it is unacceptable to discuss export subsidies are discussed separately from the other support measures. He said France is not willing to let itself be restricted by a deadline as is established in project No 47.

The chief of the French delegation denied the existence of an agreement between France, the United States, Australia, and some other countries. There is no agreement between the main protagonists of the agricultural issue other than what was disclosed by a high ranking French official as a project for achieving the rapprochement between the three countries, but no specific agreement has been achieved yet.

Regarding the possibility that France might not participate in the next round of negotiations, Noir said: I do not exclude anything. But he added that since his arrival in Punta del Este, France has been appealing for reason. France is not used to playing a Rambo-type role. With this expression he expressed his inclination to favor a measure that will benefit the majority and in so doing he predicted the attitude that the United States might uphold.

Noir denied France is isolated from the EEC in view of the agricultural problem. He said that on the contrary, we find the European ideas to be excellent. These ideas were submitted on 15 September to GATT by Willy de Clerq, EC commissioner in charge of commercial affairs.

EC Scored on 'Japan-Bashing'

OW171637 Tokyo KYODO in English 1619 GMT 17 Sep 86

["Kuranari Urges EC To Drop 'Japan-Bashing' Plan -- by Masanori Kikuta" -- KYODO headline]

[Text] Punta del Este, Uruguay, Sept. 17 [KYODO] -- Japan Wednesday urged the European Community (EC) to abandon its move to include in a new GATT round of trade talks an item aimed at correcting what the EC calls the imbalance of benefits in world trade, an indirect reference to Japan's huge trade surplus.

The request was made by Japanese Foreign Minister Tadashi Kuranari during his hour-long meeting with Willy de Clerq, EC commissioner for external affairs.

Kuranari told de Clerq the EC's insistence on the issue could undermine friendly ties between the two major trading powers, officials said. He urged de Clerq to stop any "useless dispute" which could prevent the current ministerial meeting of the General Agreement on Tariffs and Trade (GATT) from being brought to a successful conclusion, the officials said.

The EC official said the 12 nation community has its own view of the matter and asked Kuranari to give him more time for consideration.

The EC has been insisting that Japan is amassing a massive trade surplus as a result of the present GATT rules, which it claims to benefit particular countries. It is seeking to include the issue in the planned new trade round to assure a "genuine" balance of benefits.

Australian Minister's Comments

BK160316 Melbourne Overseas Service in English 0130 GMT 16 Sep 86

[Text] Australia has told an international trade conference that the world's major trading nations must start immediately to win back government subsidies for agricultural exports. The Australia trade minister, Mr Dawkins, made the call for trade reform in a strongly worded speech to a conference in Uruguay on GATT, the General Agreement on Tariffs and Trade.

Mr Dawkins said the richest and most privileged countries lack the fortitude to face economic change and he accused them of using protectionist policies to insulate their farmers from the realities of the international marketplace. These policies were threatening the future of global stability.

The minister mentioned the European community's Common Agricultural Policy which, he said, was reducing Australia's export revenue at a rate of $1,000 million [currency not specified] per year. Without the removal of access barriers and a big cut in subsidies, Australia's terms of trade would decline by about 8 percent this year. He also criticized American policy for adding substantially to Argentina's foreign debt.

He said rural development programs in Malaysia, Indonesia, and the Philippines were not contributing to trade distortion, but were an understandable response to the chaos in agricultural markets. Mr Dawkins said the GATT contract was now close to becoming an agreement for a powerful and privileged few and he rejected the view that the developing countries were to blame for the world trade problems. He said Australia wanted the framework for global trade reform in place within 2 years and a major effort to improve the effectiveness of the GATT structure.

Malaysia Lays Down Stand

BK171359 Kuala Lumpur BERNAMA in English GMT 17 Sep 86

[Text] Kuala Lumpur, Sept 17 (OANA-BERNAMA) -- Malaysia Wednesday laid down its six-point stand at the coming new round of GATT negotiations on liberalising global trade, one of which is that the issue of tropical products must be addressed to at the negotiations.

Trade and Industry Minister Tengku Razaleigh Hamzah, speaking at the current General Agreement on Tariffs and Trade talks in Punta del Este, Uruguay, said the special and differential treatment to all developing countries must be strictly maintained throughout the negotiations. In Malaysia's view, there should also be firm commitments to the implementation of a standstill and rollback of protectionist measures at the commencement of the negotiations as well as the establishment of an effective mechanism for the surveillance of such commitments. Tengku Razaleigh's text of speech at the meeting, being held to prepare for the new GATT round, was released here.

Elaborating, Tengku Razaleigh said transparency should prevail in all negotiations in the new round and that the principles of the general agreement should be adhered to in order to ensure mutual advantage and increased benefits to all participants.

On the issue of tropical products, he said the establishment of a special negotiating group on such products should be provided for in the final declaration so as to facilitate early conclusion and immediate implementation of the results of the negotiations.

Another stand taken by Malaysia is that there should not be any linkage between the progress of discussions and the concessions offered in the traditional issues and those offered for new issues.

Finally, Malaysia wants the new round to obtain the widest participation of the international community and should aim for an early conclusion, not later than four years from the date of its launching.

Tengku Razaleigh regreted that issues dealing with tropical products had not been dealt with satisfactorily by the ongoing meeting.

Another issue of concern to Malaysia is the wealthy nations' move to include trade in services in the GATT framework. Tengku Razaleigh said Malaysia fully supported a proposed final statement put forward by Switzerland and Colombia calling for an elimination of export subsidies on agricultural products. He said the statement, given the broad support it received, could form a basis for discussion and further work at the current meeting. The minister said Malaysia, as a trading nation, places great importance to the new round to revitalise the multi-lateral trading system.

He rapped certain GATT member countries for resorting to trade protectionism, export subsidies and harassment tactics against poor nations. He stressed that these actions had eroded the very fabric of the GATT and the framework it provides for global trade growth.

SANDINIST'S PRESENCE DISRUPTS CEDAL MEETING

PA161400 San Jose LA NACION in Spanish 11 Sep 86 p 4A

[Excerpts] The presence of a Sandinist delegate thwarted a meeting of the continent's social democratic leaders. The National Liberation Party [PLN] delegates left the meeting place of CEDAL (Democratic Studies Center for Latin America) in Heredia.

When PLN Secretary General Rolando Araya Monge observed the presence of Edmundo Jarquin, Nicaraguan ambassador to Mexico, Monge refused to participate in the meeting even though he was scheduled to give the opening speech. The meeting had been organized by the PLN and the Friedrich Ebert Foundation of Germany which maintains CEDAL.

Araya Monge's decision was backed by the Venezuelan Democratic Action Party delegation as this delegation also withdrew. Senator Alejandro Rodriguez and Deputy Mose Rubin of the delegation left the country on 10 September. "This is a meeting of social democrats, where supposedly only followers of that ideology should be present. The Sandinists are Marxists and therefore their presence here cannot be endorsed," Araya Monge said.

It was decided at a recent PLN meeting that the party would not attend any event where Sandinist delegates were present. This decision was made because Nicaragua has accused Costa Rica at the International Court of Justice in The Hague of cooperating with the rebels fighting to overthrow the Nicaraguan regime. [passage omitted]

The meeting, in which some 27 Latin American delegates of social democratic parties are participating, sought to review the challenges to social democracy in the region and reach conclusions that might improve understanding among the region's governments. [passage omitted]

As he left the meeting, Araya Monge explained that his stance is consistent with the behavior the PLN plans to adopt at all international meetings where FSLN officials are in attendence. [passage omitted]

Friendly with the members of all delegations, the Nicaraguan representative refused to discuss the situation but stressed he would do so later. [passage omitted]

BOMB EXPLODES AGAINST DOOR TO NAVY ARCHIVES

PY171151 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1047 GMT 17 Sep 86

[Text] Buenos Aires, 17 Sep (NA) -- A medium-sized bomb exploded this morning in the Navy archives building, located on Bolivar Street of this capital. The bomb caused some damage, but there were no casualties.

The bomb exploded at 0500 against the door of the building, causing alarm among the residents of San Telmo District.

The Navy archives are located at 1622 Bolivar Street. A police patrol car arrived just after the explosion, and the Explosives Brigade of the Federal Police was informed at once. A barrier was put up immediately to stop the transit of vehicles and pedestrians just in case the explosive device had a delayed fuse.

BRIEFS

AUSTRAL DEVALUED AGAIN -- Buenos Aires, 10 Sep (DYN) -- While the austral was officially devalued by 0.77 percent to 1.043 australs (buy) and 1.046 australs (sell) per greenback, the black-market dollar yesterday closed at 1.235 australs (buy) and 1.24 australs (sell), still 18.55 percent ahead of the official exchange rate. The devaluation was the 17th this year and the 2nd this month. Despite the devaluation, the tourist dollar was pegged down a cent to 1.21 australs. Interest rates were also on the rise with call money up to 115-120 percent and free markets occupying positions around 85 percent. Loans on the intercompany market were available at annual interest rates of 85-87 percent on the basis of Bonex and 90-92 percent on the basis of cheques. [Text] [Buenos Aires BUENOS AIRES HERALD in English 10 Sep 86 p 3 PY]

POLICE PUT DOWN JAIL RIOT; 16 INMATES DEAD

PY171612 Madrid EFE in Spanish 1454 GMT 17 Sep 86

[Text] Sao Paulo, 17 Sep (EFE) -- Sixteen inmates of the Presidente Wenceslao Prison of Sao Paulo state were killed when the military police put down a riot that began on 15 September. Meanwhile, the riot that began on 16 September in the La Papuda Prison in Brasilia is continuing.

The first official report about the intervention of the military police into the riot at the Presidente Wenceslao Prison, 600 km west of Sao Paulo, indicated that 11 inmates were killed and that at least 20 were wounded. A few hours later it was learned in the local hospital that 5 more inmates had been killed, raising the casualties to 16.

The official report indicates that three policemen and two hostages were wounded and that three inmates ware in serious condition.

The police are still inside the Presidente Wenceslao Prison. According to relatives of inmates, ambulances and police cars were seen coming out of the prison at around midnight on 16 September.

Omar Wasin, the coordinator of the Sao Paulo State penitentiaries, indicated that the military police entered the prison after the rioters threw Molotov cocktails at the police. The inmates sprayed the 18 hostages with flammable liquid and threatened to set them on fire if the police took the prison by assault. According to reporters who were at the prison, the inmates were not able to set the hostages on fire because the police acted quickly.

In another incident in Brasilia, 14 inmates in the high security La Papuda Prison, 24 km north of the city, continue to hold 15 hostages, among them 8 women, since 15 September.

The inmates want vehicles and weapons in exchange for the hostages, who are being kept on the second floor of the prison, which is surrounded by military police.

Early in the morning one of the hostages was able to escape, and a spectacular shoot-out between the inmates and the police took place. The inmates were told that their lives would be respected if they surrendered, but that offer has not been answered.

These 2 incidents are taking place after 20 inmates escaped from the prison in Salvador, capital of Bahia State, on 15 September. During the chase, the police killed two inmates and a 1-and-1/2-year old baby, the son of an inmate. The inmates were able to escape through a hole made in the library of the Lemos de Britto Prison.

The three incidents are attributed to overcrowding and the unhealthy conditions prevailing in Brazilian prisons.

Brasilia Hostages Released

PY172340 Brasilia Domestic Service in Portuguese 2230 GMT 17 Sep 86

[Text] The prison riot at the La Papuda Prison in Brasilia ended a few minutes ago. The 14 inmates who were holding 14 hostages escaped this evening using vehicles supplied by the police. Our reporter Vinnicius Doria has spent the day at the prison and he will now tell us how it went.

[Begin Doria relay] After a tense night at La Papuda Prison, the morning was calm and fraught with negotiations. The prisoners had already refused three police proposals and the prison was totally surrounded by riot squads. Nevertheless, a brief shootout ensued between inmates and policemen at approximately 0830 in the morning.

Another proposal was made around noon today and the inmates accepted it. According to this proposal, the rebels would free the prisoners and in exchange would get three vehicles in which to escape and 2 hours of grace time before the police started to follow them.

At approximately 1600 in the afternoon, the prisoners received three Opala cars and the hostages were released at 1730. The inmates left soon afterwards taking as hostages 3 lawyers and 3 members of the church instead of the 14 persons they released.

The atmosphere at the prison was very tense. The released hostages were taken to a safe location where able to meet their relatives. They said they were all right and had not been harmed.

Thirty-two hours of tension are now over. The police are currently trying to locate the lawyers, Brasilia Auxiliary Bishop Geraldo Avila, and the two priests, whom the escapees took as hostages. [end relay]

Others Released; Cars Found

PY180133 Madrid EFE in Spanish 0045 GMT 18 Sep 86

[Text] Brasilia, 17 Sep (EFE) -- Brasilia Auxiliary Bishop Geraldo Alves and the 2 priests and 3 lawyers, who were being held hostage by 14 inmates of a local jail who escaped after rioting for 32 hours, were released tonight, according to official information.

Jocio Gomez da Silva, chief of cabinet of the Grasilia Public Security Secretariat, told EFE that the auxiliary bishop and the other hostages were released 1 hour after the prisoners escaped.

The prisoners left La Papuda prison, 24 km north of Brasilia, after taking the 3 priests and 3 lawyers in exchange for 5 of the 14 hostages they had been holding since early 16 September, at the main building of the prison.

The police also found the three cars that the escapees used to leave the prison 2 hours after their departure from La Papuda. According to the agreement between the rioters and the federal government, the police were supposed to begin their pursuit 2 hours after the escapees left the prison.

Gomez da Silva said one of the vehicles was found in Anapolis, a town in the neighboring state of Goias, 90 km southeast of Brasilia. The other had been abandoned in Gama, a town located within the Federal District, and the third one was sighted by the police near Goiania, capital of Goias State.

Gomez da Silva said one of the vehicles is partially destroyed as a result of an accident it had upon leaving the prison. The accident caused no casualties. The police official explained the hostages who were held in the prison since 16 September and the ones who were taken and then released tonight, are in good health.

TV STATION SUSPENDED FOR 'OFFENDING' SARNEY

PY170348 Rio de Janeiro O GLOBO in Portuguese 13 Sep 86 p 5

[Text] Brasilia -- Communications Minister Antonio Carlos Magalhaes has suspended for 10 days, beginning 12 September, the TV Ribamar television station, which is located in Sao Luis do Maranhao. The TV Ribamar television station is affiliated with the Rede Bandeirantes network system in Sao Paulo and is owned by federal deputy Raimundo Vieira da Silva (Social Democratic Party -- Maranhao). The television station has been charged with offending President Jose Sarney, his family, and Federal Government authorities. Fulfilling the decision made by the minister, Maranhao National Telecommunications Department (Dentel) Director Jose Samuel Melo ordered at 1300 that the television station's transmitters be sealed.

Antonio Carlos Magalhaes made it clear that with this penalty, the government does not seek to make obstacles for radio broadcasting freedom. Meanwhile, according to the communications minister, the government will not permit in any way the practices of distortions or personal offenses. Magalhaes pledged to stop all the abuses and punish all the transmitter stations that adopt such behavior.

The suspension was applied in accordance with the Brazilian Telecommunications Code whose article 53 states that it is forbidden to slander, insult, or defame the executive, legislative, and judicial branches and their respective members.
In a telegram addressed to the president of the Republic, Vieira da Silva protested the suspension of his television station.

DIPLOMATIC CORPS WARNED NOT TO ATTEND PARADE

PA171744 Paris AFP in Spanish 1729 GMT 17 Sep 86

[Text] Caracas, 17 Sep (AFP) -- An anonymous call to the AFP offices in Caracas today warned the diplomatic corps accredited to Chile not to attend the military parade scheduled for Friday, 19 September, "because what did not happen to (Augusto) Pinochet the other day will happen to him."

The call was made at 1235 local time (1635 GMT). The caller, who had a Chilean accent, hung up immediately and did not identify the group he represented.

On Sunday, 7 September, Pinochet sustained a slight hand wound during an attack on a highway, 30 km from Santiago.

POLICE RAID SLUM NEAR SANTIAGO, 106 ARRESTED

PY180354 Paris AFP in Spanish 0330 GMT 18 Sep 86

[Text] Santiago, 17 Sep (AFP) -- The Chilean Carabineros police today detained 106 people during an operation against crime and subversion in the La Pintana sector, south of Santiago.

Carabineros sources reported that during the raid this afternoon, officers checked the police records of 1,000 people. The soursces added that most of the arrested people have pending orders of arrest for committing common crimes and that the others are suspects. It was reported that the operation was carried out to find criminals, suspects, and possible hidden weapnos.

CAUCE STAFF MEMBERS GRANTED RELEASE ON BAIL

PY171540 Madrid EFE in Spanish 0403 GMT 17 Sep 86

[Text] Santiago, 16 Sep (EFE) -- The Military Court tonight revoked the decision of the Military Prosecutor's Office, and ordered the release on bail of Gonzalo Figueroa, director of the opposition magazine CAUCE, and journalist Ariel Poblete, who also works for that magazine.

A few hours previously, Military Prosecutor Rodrigo Gonzalez rejected a petition for bail for the two professionals, who were detained on 26 August 1986.

The National Intelligence Center (CNI -- Political Police), has presented a charge against CAUCE magazine and all its personnel, stating that they violated the Code of Military Justice by publishing an article on the discovery by security services of a huge clandestine arsenal of arms, ammunition, and explosives.

GOVERNMENT RELEASES 27 PEOPLE ARRESTED 11 SEP

PY171919 Santiago Domestic Service in Spanish 1700 GMT 17 Sep 86

[Text] A reliable government source has reported that 27 people who were involved in street disorders were released in the last few hours. The source indicated that 21 people were released last night and the remaining 6 this morning.

Regarding the people arrested as a result of the state of siege, the source indicated that their situation has not changed, and that the number of people under arrest continues to be 33. In addition to these people, another six are also under arrest according to the rights empowered by temporary Article 14 of the Constitution. The people who have been released are the ones who were arrested during street disorders on 11 September.

DEMOCRATIC ALLIANCE REPLIES TO PINOCHET'S SPEECH

PY172227 Santiago Radio Chilena in Spanish 1700 GMT 17 Sep 86

[Excerpts] The Democratic Alliance [AD] has said that in view of the situation in Chile, we need more than ever to reach an agreement with the Armed Forces. AD President Enrique Silva Cimma said: We cannot waste time with formalities now.

During a press conference, Silva Cimma summarized a speech he made in reply to remarks by President Pinochet in his 11 September speech. Silva Cimma said he could not give his speech on the radio because of the state of siege measures.

[Begin Silva Cimma recording] We were not able to use a radio network because the state of siege does not allow the democratic parties to express or publicize their beliefs, as is their right. Nonetheless the government allows the opposition politicians to continue working. This is a great contradiction in a regime that tries to divide the opposition. [passage omitted]

The solution is not war but an agreement for peace. This is why we are addressing our Armed Forces and those who have chosen an incorrect path. We solemnly declare that none of us has personal interests. We ask those who say they love Chile to make sacrifices as we have done. In this manner, having reached an understanding between civilians and militarymen, we will soon be capable of finding the individual or individuals who, with everyone's cooperation and commitment, will lead our takeoff to democracy. Chilean men, women, and children demand this action. [passage omitted]

In conclusion, we are convinced that the crisis Chile is experiencing requires us to give up our interests and to undertake specific actions. We have given up much, but we expect that the Armed Forces representatives match our proposals and try to reach an understanding for the peaceful future of Chile. [end recording]

Silva Cimma also stated that so far, no AD member party has contacted the parties that promote violence. He said that the alliances with Marxist sectors in university elections are over, and that the youth negotiating board [mesa de concertacion juvenil] is exhausted.

PRESIDENT ON PARTIES' RIGHTS, RECENT MURDERS

PA162225 Bogota Television Service in Spanish 1730 GMT 16 Sep 86

[Text] Last night, during a solemn act that took place in the El Rosario College of Bogota, President Virgilio Barco spoke about the rights of political parties. He said the government will make an all out effort to clarify the murder of Patriotic Union [UP] parliamentarians. He said:

[Begin Barco recording] Recent incidents that violated the fundamental right to life, in which two UP parliamentarians were killed, demand the strictest and most efficient investigation. I have ordered such an investigation; the government is pledging all needed instruments available to ensure that these crimes are solved and the perpetrators punished.

The UP is the most recent addition to the country's civic and political scene. However, it has the same rights and duties as the Conservative and Liberal Parties, the histories of which are part of the history of the nation.

Political parties and the government are social institutions regulated by law that fulfill an essential duty in the country's political life. With that principle in mind, the government guarantees and will continue to guarantee the freedom of organization and activity of political parties, a democratic and civilist position, and above all it guarantees, in keeping with its duty, the lives of all citizens, because it is an essential condition to ensure the continuity of civilized societies. [end recording]

WORLD BANK INVESTS IN EL VALLE INDUSTRY

PA171827 Bogota Television Service in Spanish 0000 GMT 17 Sep 86

[Text] The World Bank has loaned $300 million to several companies in El Valle Department. This is one of the most important investments in recent times.

(Sir William Reddy), vice president of the International Finance Corporation, an affiliate of the World Bank, has signed a loan agreement with authorities in Cali to give impetus to several industries. One loan will allow Colombia to produce for domestic use and export the so-called white papers, writing paper of special quality. Another will be used to establish a firm to produce salt and chlorine in El Valle. The loans total $300 million.

BRIEFS

BUDGET, FISCAL DEFICIT REPORTED -- According to reports presented by Colombian Comptroller General Rodolfo Gonzalez Garcia, Colombia registers a budget deficit of 43.918 billion pesos, a fiscal deficit of 55.559 billion pesos; a real [efectivo] deficit of 74.132 billion pesos, and a deficit adjusted to the treasury [ajustado a la tesoreria] of 1.559 billion pesos. [Excerpt] [Bogota EL SIGLO in Spanish 11 Sep 86 pp 1, 3 PA]

VISAS FOR FRENCH CITIZENS -- Reacting to the French Government's decision to demand that all persons entering France have a visa, Colombia has decided to demand a visa from all Frenchmen entering our country. [Summary] [Bogota Television Service in Spanish 0000 GMT 17 Sep 86 PA]

CHILEAN SHIPS BANNED FROM TRANSPORTING CARGO

PY172049 Paris AFP in Spanish 1443 GMT 17 Sep 86

[Text] Lima, 17 Sep (AFP) -- It was reported today in Lima that ships flying the Chilean flag and those chartered or operated by Chilean shipping enterprises are banned from transporting cargo from Peru to third countries or from third countries to Peru.

The ministerial resolution, which was published today, stated that Chile on 7 August 1986 adopted a similar measure for Peruvian ships. Thus, according to Peruvian law, the reciprocity principle on maritime transportation must be applied. In turn, the Peruvian shipowners have stated the Chilean decision was made because the Peruvian Government decided to reserve all the maritime transportation of import and export cargo for ship flying the Peruvian flag.

The decision does not apply to maritime traffic between Europe and South America's west coast, which is covered by the European Conference (European South Pacific and Magellan Conference).

MINES-ENERGY MINISTER HUAYTA'S HOME BOMBED

PY171653 Madrid EFE in Spanish 1437 GMT 17 Sep 86

[Text] Lima, 17 Sep (EFE) -- Terrorists last night in Lima threw a homemade bomb at the home of Mines and Energy Minister Wilfredo Huayta.

At the time the bomb was thrown, the minister was in the Chamber of Deputies with the rest of the cabinet, which is being questioned about the killing of 300 prisoners accused of terrorism in 3 Lima prisons on 19 June 1986.

Three people in a speeding vehicle threw the explosive device, which only caused damage. The policemen who were on guard duty at the minister's home, which is located in the Lima neighborhood of Pueblo Libre, fired at the attackers, who escaped. The relatives of the minister who were inside the house were not injured.

Deputy Interior Minister Agustin Mantilla arrived at Minister's Huayta's home just after the attack to learn what had happened.

BANK OF MEXICO REPORTS ON BALANCE OF PAYMENTS

PA180106 Mexico City EL DIA in Spanish 12 Sep 86 p 8

[By Maria de Jesus Espinosa]

[Text] According to Bank of Mexico economic indicators, the external sector of the national economy deteriorated during the second trimester of 1986 as a result of a $742.5 billion deficit on the current account of the balance of payments. Those indicators also show that various areas of the balance of payments registered the worst deterioration in comparison to other trimesters so far during the current administration.

According to those figures, the capital account registered a negative balance during the April-June period which means that the country spent a greater amount of foreign currency abroad than it received.

The errors and omissions column which partially registers foreign currency flight was three times larger than during the first trimester of this year.

The deterioration of the country's foreign accounts was reflected in a $1.5-billion drop in international reserves at the Bank of Mexico.

The balance of the capital account, which is obtained by the algebraic sum of the results obtained in the commercial and service balances, registered a deficit larger than that of the first trimester by 79 percent, because the commercial balance surplus was only $623.4 million during the April-June period, which is 35 percent less than the previous trimester.

The behavior of that balance was determined by an 8.5 percent drop in exports and a slight growth of 3.7 percent in imports. However, as has been usual for almost the last decade, the balance of services was the determining factor in the foreign sector imbalance, because it reflects foreign debt payments.

As for revenues, the balances of services registered a 3.3 percent drop in comparison to the previous trimester, although expenditures also dropped by 2.3 percent. However, the deficit in this indicator was similar in both trimesters: $1.366 billion during the second trimester and $1.376 billion during the first trimester.

Bank of Mexico indicators state revenues in the tourism sector dropped by 37 percent between April and May, thus failing to meet expectations resulting from the World Soccer Cup.

As for the payment of the foreign debt interest, there was a $2.106 billion outflow; this was the determining factor for the deficit in the balance of services as a whole, because of payment of services constituted 60 percent of the total payments for services made during the second trimester of this year.

That suggests that the ever-decreasing trade surplus was insufficient to compensate for the balance of services deficit, which in turn resulted in a negative balance on the current account.

We must point out that there was a $1.157 billion imbalance in the current account during the first half of the year; this suggests that the total deficit for 1986 will be approximately $2.5 billion and will force the country to finance it through foreign indebtedness independently of what resources will be needed to repay the foreign debt and build up the international reserves.

According to Bank of Mexico information, between April and June 1986 the capital account registered a negative balance of $659.5 million, which means that the country received less resources from abroad than it sent out; thus the balance of trade was negative.

The factors that contributed to the deficit balance of the capital account were repayments for $827.9 million and deposits abroad by Mexicans for $135.5 million.

We must point out that repayment plus interest totaled $2,933.8 million for the second trimester of the year, an amount that equaled 95 percent of the total imports and 79 percent of the exports, and was eight times more than the income from assembly industries, and eleven times more than the tourist surplus.

During the year's second trimester, capital flight amounted to $290 million, an amount that although seemingly modest, contrasts with the $737 million brought back from abroad between January and March.

A reduction of $550 million was noted for the second trimester in the international reserves, which are the results of the algebraic sum of the balances of the current account, capital account, and the errors and omission column.

Finally, it is noted that repayment of the foreign debt totalled $5,675.3 billion in the year's first trimester, which was the equivalent of 75 percent of foreign oil sales. In other words, the income from crude only covered 54 percent of the foreign debt service.

Balance of Payment (millions of dollars)

description	first trimester	1986/second
1. current account	- 414.6	- 742.5
2. capital account	601.9	- 659.5
3. errors and omissions	- 55.5	- 154.5
4. reserve fluctuation	188.7	-1,549.8

Current Account (millions of dollars)

commercial balance	961.3	623.4
service balance	-1,373.9	-1,365.9
balance	- 414.6	- 742.5

Tourism Balance (millions of dollars)

revenue	563.1	379.9
expenses	128.9	126.0
balance	434.2	271.9

PARIS CLUB URGES 'MAJOR REORGANIZATION' OF DEBT

AU171135 Paris AFP in English 1126 GMT 17 Sep 86

[Text] Paris, Sept 17 (AFP) -- A "major reorganization" of Mexico's external debt was recommended here Wednesday by the Paris Club, the French Finance Ministry said.

Mexican officials said the recommendation concerns 1.8 billion dollars falling due to 14 creditor nations, total debt being an estimated 98 billion dollars. Instead of the 1.8 billion dollars being paid back between September 22, 1986 and March 31, 1988 it will be reimbursed between January 1992 and July 1996.

The Paris Club recommendation applies to principal and interest in respect of loans and credit in the public sector or backed by Mexican Government guarantees, the Ministry statement said.

The 14 creditor nations are West Germany, Austria, Belgium, Canada, Spain, Britain, Sweden and Switzerland.

The statement said: "Representatives of the participating countries welcomed the recovery efforts undertaken by the Government of Mexico. They also noted with satisfaction the implementation by this government of an economic and financial programme supported by the standby arrangement with the International Monetary Fund (IMF) approved in principle by the executive board of the Fund on September 8, 1986.

"They thought it relevant to make a positive contribution to the improvement of this country's external payments prospects in order to facilitate the recovery of its economy." The debt rescheduling is part of a package envisaged for 1986 and 1987, a Mexican offical said.

In July this year the IMF and Mexico agreed a recovery programme plus the releasing of 18 months of bridging credit totalling some 1.6 billion dollars from the IMF, along with three World Bank loans amounting to 698 million dollars.

DE LA MADRID ADVOCATES REGIONAL UNITY

PA180114 Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 17 Sep 86

[Text] Mexican President Miguel de la Madrid said at the National Palace a few moments ago that united efforts in Latin America cannot be delayed any longer in these difficult and critical times.

He installed the national commission in charge of organizing the commemoration of the fifth centennial encounter between the Old and New Worlds. He also said that Latin Americans repudiate all kinds of hegemonies because they have suffered under them over the course of time. Because of this, he said, we seek unity, integration, and continue to be an American, autonomous, multiracial culture without prejudice.

This national commission to commemorate the fifth centennial of the encounter between the Old and New Worlds was created to celebrate the encounter between Europeans and Americans on 12 October 1492, what we have come to know as the discovery of America.

COSTA RICA

POLICE TEAR GAS DEMONSTRATING FARMERS IN CAPITAL

PA180226 San Jose Radio Reloj in Spanish 0100 GMT 18 Sep 86

[Summary] The police fired tear gas bombs to dislodge about 1,000 farmers on Central Avenue this afternoon. The farmers were given 15 minutes to leave the area. Antiriot police and demonstrators attacked each other with clubs. Hundreds of people were affected by the tear gas fired by the police. The farmers demanded a true agrarian and livestock policy from the government. Security Minister Hernan Garron said that the police were attacked first:

"Since 1000, we tried to convince the people of Upagra [Union of Small Farmers of the Atlantic] against blocking streets. Yet, when they did, they were urged to vacate the streets, but to no avail. Some machetes were confiscated. We explained that we cannot allow them to demonstrate with machetes. Not one of our policemen had a gun. We can prove that we tried to convince them. We have taken from them [words indistinct] that they had brought to attack the police. They initiated the aggression. Two Civil Police members suffered broken bones. This cannot be allowed. The tear gas bombs were launched later. Rest assured that traffic is again being normalized. We will try to restore everything to normal."

Officials Comment

PA180241 San Jose Radio Reloj in Spanish 0100 GMT 18 Sep 86

[Text] A presidential adviser has said that calm is needed in the face of the Central Avenue incident. (Ramilo Jimenez Vega) presidental adviser with ministeral rank, said that calm should prevail that authorities should refrain from using force. (Jimenez) was commenting on violent incidents that took place this afternoon in downtown San Jose. Riot police tried to disperse a demonstration by Atlantic zone peasants. He said that police should use nonviolent persuasion to fulfill their duty. He labeled the situation grave.

(Jimenez) said that he feels the public or the citizenry should not contribute to aggravating problems like the one this afternoon. He asked: What were peasants doing blocking San Jose's major street at noon? He felt that the peasants should have gone to the Agricuture and Livestock Ministry or the Production Council, although he said that there was no justification for the acts of violence. Riot police were waiting for the peasants at the Presidential House. At first, it was reported that the peasants were going to march toward the Presidency House to express their displeasure with the government's agricutural policies. For this reason, two patrol cars were posted outside the Presidential House. Meanwhile, riot police were in the area wearing full riot gear.

I do not agree with the actions by the peasant leaders because a small group has used them as instrument, said Agriculture and Livestock Minister Alberto Esquivel. He told reporters that he regretted the peasants' actions this afternoon, when he was asked about the situation the peasants had created and about the attacks by the Civil Guard on these people.

He noted: I say this is regrettable because everyone knows my stance regarding agricultural matters, [words indistinct] producers.

They are pressuring the government to demand short-term solutions. We are trying to achieve long-term solutions; in other words, to give them what they truly need. The peasants are being used. A very small group was brought from very far away, and these leaders always do the same thing. They use (?substitudes) and women to claim that their families were attacked. I do not think there were more than 200 to 300 from the Atlantic Zone, said Esquivel.

He added that they were used by some leaders who have objectives other than the concerns of the agricutural producers. These leaders use extremist policies. Far from helping those producers, and all of us who are fighting on behalf of all of the country's producers are hardworking, objective, and patient people, aware of the problems the country is experiencing and of the government's actions. We are prepared to have a wait and see period, said Esquivel.

BRIEFS

MARIJUANA PLANTS FOUND -- Public Security Minister Hernan Garron has reported that more than 8,000 marijuana plants were seized this weekend in Southern Costa Rica, with 5,856 plants found in Humo Hill and Piedras Blancas de Osa and 2,234 in Palmar Norte. Including these, 422,156 plants have been confiscated during the present administration. [Summary] [San Jose LA PRENSA LIBRE in Spanish 11 Sep 86 p 6 PA]

NEW DIRECTORS, DEPUTY MINISTER -- Finance Minister Fernando Naranjo announced at a news conference yesterday that Manuel Guevara Fallas has been designated to the post of general director of customs. The finance minister also announced that Rebeca Grynspan Mayufis is the new deputy finance minister, and Rodolfo Peralta Nieto is now the general finance director. [Summary] [San Jose LA NACION in Spanish 12 Sep 86 p 12-A PA]

EL SALVADOR

GOVERNMENT, REBELS COMMENT ON PANAMA MEETINGS

Officials Hold Press Conference

PA170033 San Salvador Domestic Service in Spanish 2135 GMT 16 Sep 86

[News conference by Salvadoran Vice President Rodolfo Antonio Castillo Claramount, Culture and Communications Minister Julio Adolfo Rey Prendes, Deputy Public Security Minister Colonel Carlos Reynaldo Lopez Nuila, and Deputy Culture and Communications Minister Roberto Viera at the Honors Room of the Presidential Palace in San Salvador -- live]

[Text] [Viera] Dear gentlemen of the press: Today we want to give you as thorough a report as possible on the process followed in these preparatory meetings and on the results of the second meeting held in Panama.

The commission that went to Panama, as you all know, was made up of Vice President Rodolfo Antonio Castillo Claramount, Culture and Communications Minister Julio Adlofo Rey Prendes, and Deputy Public Security Minister Colonel Carlos Reynaldo Lopez Nuila.

Initially, Castillo Claramount will give you a general explanation on what occurred in Panama. We also hope to elaborate and answer questions on the entire process that has been followed since President Duarte convoked this second meeting and up to the Panama meeting so that you can have an overall view instead only a view of the Panama meeting as such.

Here you have Vice President Castillo Claramount.

[Castillo Claramount] Gentlemen, thank you again for being here. I want to make a brief review of the two previous rounds of talks, the ones held in Mexico and Panama, in order to have a clear panorama.

In Panama, pardon me, in Mexico, we were only going to discuss the topics of logistics, mechanisms, method for the dialogue, and selection of the place and date. We felt that such a meeting, in which the president, the heads of the state branches, etc. will be present, should have an open agenda because it is absurd to try to limit such an important, profound, and significant meeting to a pre-established agenda. Undoubtedly, an agenda is somewhat irrelevant when the protagonists of the meeting all have the capacity and authority to change it when they deem advisable.

However, the counterpart, the terrorists, had the agenda as one of the topics that had to be discussed. In Mexico, after the discussions, and after we had already made a profound study of topics such as the representatives' entry and movement within the country, as well as the security and logistics aspects; unexpectedly, on the last day of the meeting, Salvador Samayoa said they only had instructions to make an agreement as to the place and date of the meeting.

All of you know that they initially proposed San Salvador to make a big show of the dialogue and thus promote popular mobilization and their international image in accordance with their interests and the way in which they handle the dialogue. They are making tactical use of the dialogue within an overall strategy of confrontation and war. In addition, we have handled the dialogue within a framework of sincerity, recognizing that it is a valid method for rational discussion and analysis of the incidents to find formulas of agreement and consolidation in the search for peace and the humanization of the conflict.

This is why we rejected the proposal to hold the meeting in San Salvador, and we began to look for alternatives. The first alternative they presented was Perquin, and before we said anything they said we were probably not going to accept it. However, to their surprise, our reaction was just the opposite. We told them: very well, we agree. Let's hold it in Perquin. The following day, they proposed Sesori, and we accepted Sesori. Originally, they proposed 18 September as the date for the meeting, but finally we agreed on 19 September.

In addition, we established that the agenda had not been discussed. We agreed to hold the second meeting in San Jose, Costa Rica. You know what happened afterwards and how the idea of holding it in San Jose was pushed aside to finally give way to the idea of meeting in Panama, but first we encountered another of their proposals: They wanted to hold the meeting in Mexico City again. So, we went to Panama to take care of all the pending matters, in other words, the aspects of their entry, movement, security, etc.

The first thing we did in Panama was stress that the meeting was to be held in Sesori on 19 September. This was fully confirmed in the first meeting in Panama.

We then began to review the agenda proposal. As I told you before, we felt that it was an irrelevant document in view of the high level of the representatives at the meeting and the authority they had to improve, reject, expand, or shorten the agenda. As a sign of our flexibility and broadmindedness, we agreed to draft an agenda. It is important to stress here that our gesture of flexibility is no simple thing, especially if you analyze the agenda itself.

The first point of the agenda was to thoroughly analyze the peace offer made by President Duarte at the United Nations on 8 October 1984. It also included the analysis of the overall proposal presented by the FMLN-FDR. The second point of the agenda was the humanization of the conflict and the incorporation of all sectors in the peace effort. The third point was the advisability of accelerating the dialogue through various kinds of meetings at a number of levels and types in order to make the dialogue move more quickly and effectively.

It was again stated and emphasized that the dialogue cannot be an end in itself. It was stated that the dialogue cannot and must not be institutionalized as an element that wears itself out; the dialogue is a method to come to a rational agreement in order to tackle the country's problems.

Now that we have explained the points of the agenda, we will explain the mechanisms for the arrivals, transportation, security, etc. [in Sesori]. We made a specific proposal, supported by the experience we had after several events similar to this: the two dialogue meetings in La Palma and Ayagualo, and the transportation that resulted from the release of the kidnapped mayors and Ines Guadalupe Duarte, the daughter of the president. As part of that agreement, the transportation of more than 100 wounded people, from more than 20 places throughout the country, and in this operation many of them traveled virtually the entire national territory, and all of them went to the Comalapa International Airport, where they were picked up by the planes and were finally transported to Havana, Cuba. There was not one incident to regret. Furthermore on previous occasions, we carried out transportation of people who departed the country, and there were no incidents, either. That experience told us we were right. The seriousness and the efficiency demonstrated by the Salvadoran Air Force and the ethical and political determination of the government to make possible the dialogue and provide the security for this kind of activity supported our proposal. Thus, we made our proposal that matters would be managed within the parameters, within the methodology that had been used in all the previous activities. We may add that in this case, the methodology has been improved and strengthened. In this sense we are even talking about some embassies -- taking advantage of foreign representation -- the embassies they wished, the ones they proposed, provided the embassies were accredited in our country to provide more security under the protection of the national flags at the place of the events.

Obviously, we proposed the participation of the International Red Cross and at a given moment the church itself, through Msgr Rivera y Damas, offered the in-depth participation of the church and further offered the participation of the Bishop Msgr (Steller) from Essen, Germany, so that with his life, a further guarantee was given to Joaquin Villalobos. Moreover, he said they would ask Msgr Gregorio Rosa Chavez to participate to offer more security for the life of Leonel [Gonzalez]. There was a complete plan that was definitively efficient, a broad plan that had all the security possible to hold the event. In addition, there was the proposal by President Duarte himself that cannot be ignored nor minimized or taken as a rhetoric statement. He said that he would guarantee with his own life the security of these people.

When we had reached this point, they refused to discuss this specific proposal made by us during the meetings in Panama; on the contrary, they "made an unbelievable proposal that is an audacity that cannot be accepted by any self-respecting government or any country in the world."

In a few minutes, Col Reynaldo Lopez Nuila will explain to you the meaning in terms of numbers of the proposal the rebels made as an essential condition to hold the dialogue. They requested the withdrawal of troops from an area which in Panama we said encompasses approximately 200 sq km; we were wrong, it is much more than that. With this withdrawal of troops, immediately upon withdrawal of the Salvadoran troops, the terrorists would seize all these towns, 7 towns in northern San Miguel Department and some other neighboring towns of Morazan Department, some 9 or 10 towns involved, which also involved a large number of people.

The fundamental military objective -- at least from the analysis made at that moment -- of regrouping troops, was to carry out a terrorist or military coup afterward. However, the most important point was the plan to use this for their international political image, to take advantage of the hundreds of reporters in Sesori, where the government had made and reported its decision of broadcasting the events of that day live. They wanted to show by radio and television to the world what they have been lying about all these years, that they have military, administrative, political control of regions of the country, which is not true.

However, at this opportunity, they were going to be able to give very convincing evidence that this, in fact, was true.

Let us not forget for a single moment that we are the representatives of a truly legitimate government freely chosen by the Salvadoran people, a government that respects the concept of a de jure state, a government that respects the value of the law; a government that has given this country an incentive it never had, and that it is the concept of lawfulness, a sense of security for the inhabitants of El Salvador. This is a government that has been able to be and continues to be flexible, with willingness and an open attitude, but, naturally, within the framework established by the political Constitution.

Thus, we are not adventuresome representatives that can propose or accept just anything. We are responsible representatives, I repeat, of a government that interprets the mandate given by the people at the time they elected the government, and that is: Seek peace, but seek peace within the concept of respect for the dignity and honor of the Salvadoran people. This is not a surrendering type of search for peace, because this is not what the Salvadoran people want. It that is what the Salvadoran people wanted, they would have already granted the guerrillas the support they have never received.

On the other hand, we are the representatives of a government -- and President Duarte has clearly said this -- that recognizes and voices the spirit and true feelings of the Salvadoran people who want peace. This is a government that has a moral obligation of shortening the terrible suffering being endured by the Salvadoran people as a result of the war the guerrillas have declared on the people.

The guerrillas have declared what is known as a prolonged people's war that attacks the Salvadoran people, the most humble and poor people in this country. The guerrillas attack the people in all forms, ranging from death and mutilation to depriving the people from work, from the results of their own work, when they destroy the harvests, when they destroy the physical and economic structures of the country. We definitely could not accept that concept. We could not accept a proposal that also tried to prevent the dialogue from taking place.

Allow me to explain what happened at that meeting. There was a moment when we told them that the entire proposal had not been drafted at the final moment, that the entire thing was preconceived, and that from the moment they proposed Sesori, they had designed this whole issue, precisely to provoke all these reactions and actions that I have explained to you now.

I also want to tell you that Msgr Rivera y Damas and Msgr Gregorio Rosa Chavez were impressed and shocked at the magnitude and lack of proportion in that proposal. Thus, it is not the interpretation they have wanted to make, to the effect that there is a lack of flexibility on the part of the government's side. I repeat, in the face of the security of the people and the provisions of the Constitution of the Republic as an obligation of the government, one cannot play games or accept such negotiations. They know this perfectly well. They know the dimensions and were able to calculate exactly what would be the reaction and what would happen when they made that proposal.

We insisted until the last minute, and toward the end of Sunday's meeting at approximately 1730 or 1800, Salvador Samayoa said a phrase that has seriously worried us and shaken us, and I want to emphasize this now. Very grave actions will have to be taken, he said, so the realities we interpret will be understood. In front of the bishops and all those present, I asked him: I would like to ask you clearly if this statement is a threat, but he remained silent and did not answer.

Therefore, we interpret this as a clear threat of intensifying terrorism and sorrow among the people and we hold the FMLN-FDR fully and completely responsible for the events that may occur against the Salvadoran people. Naturally, we regret but firmly reject and also firmly point out their responsibility in what may happen.

Finally, we told them: We are leaving the door open, and we asked Msgr Rivera y Damas to be the mediator so that you will be able to think this over and rectify, and accept the security we are proposing. We can mount this security operation in 24 hours. We are still waiting. We were waiting yesterday in Panama, and we continue waiting. President Duarte has said he will continue waiting until the last moment, and that he is going to Sesori to show his willingness for this meeting.

This is what I want to say at this moment. I want to ask my fellow delegation members, I want to ask Rey Prendes, to give more details about the formal proposal we made to these persons, and I want to ask Col Reynaldo Lopez Nuila to make an explanation of the consequences and scope -- not only military, but also political and social, as well as from the point of view of the security of the people -- of the proposal they made. It is extremely important that the scope of this proposal be fully understood. Thank you.

[Rey Prendes] I think we should go on to the explanation that Col Reynaldo Lopez Nuila will give us. He will talk about the proposal made by the rebels; however, I only want to clarify that the proposal was not for demilitarization but occupation. They requested a zone to occupy with their forces. That is the proposal they made. They wanted the Army to withdraw from northern San Miguel, and then they wanted to occupy that area. They did not propose demilitarization, but the occupation of a huge area by terrorist forces, by forces the rebels call guerrilla forces; Colonel.

[Lopez Nuila] [Passage indistinct] After listening to the explanations given by the country's vice president, the explanations, and proposals made at the meeting in Panama, which were a continuation of those made at the meetings in Mexico, I would like to begin by saying that the government delegation accepted the date and place proposed by the rebels.

That was the initial agreement in Mexico. Furthermore, to show our flexibility and readiness to discuss the dialogue situation in depth, we agreed to discuss the agenda and approved one. With that attitude, we proved an essential and basic position; at the time of the meeting we were completely ready to reach agreements that would allow us to plan the 19 September meeting in Sesori.

Unfortunately, there was a proposal, which had initially been presented in Mexico, then postponed for San Jose, then changed for Panama, which consisted of what the rebels called the demilitarization zone. However, as Rey Prendes said, the proposal is not the demilitarization of a zone, but the Army withdrawal from that zone to then permit the occupation of that zone by the terrorist forces. That is the basic issue. Here, we marked the limits of that area, which covers seven towns in the San Miguel Department, and at the same time provided the populations of those towns. The zone covers a total area of approximately 616 sq km, therefore, the terrorists only wanted 616 sq km deprived of Army protection for themselves. They wanted 7 towns; that means we had to leave 129,553 inhabitants without protection, that is to say practically at the mercy of the terrorists and at the will of the terrorists.

You can see the immense disproportion of that proposal, which is mainly due to the consequencies it would cause, and the implications that is involved. If the military forces presently carrying out cleaning and protection operations in that area leave that zone and the area were left for occupation by the terrorist forces, the entire repopulation and reconstruction processes -- the latter being even more important, and necessary, precisely to carry out all the repopulation process -- would have to be suspended, and furthermore, they ran the risk of being destroyed [word indistinct].

For example, the health centers of San Luis de la Reina, Carolina, San Gerardo, and Nuevo Eden de San Juan have been destroyed. Currently they are being rebuilt; we are delivering medicine there and reestablishing all the medical infrastructure in those places to satisfy the health needs of the people, who under the protection of the Armed Forces have come back to their original towns.

For that reason, we feel that the terrorist fronts' claims did not end there. They practically wanted to establish a terrorist front capital in San Gerardo, and at the same time to establish and develop what they call local governments in the rest of the towns. Naturally, that means to accept that they are the owners of a part of the Salvadoran territory. That is precisely what they have sustained through the years, and that is the biggest lie they have spread throughout the entire world.

However, now they ask the government to help them show the world and to help them take all the media that was going to be present in Sesori, to San Gerardo and to the other towns, to show them that they were the owners of those territories. You can see the dimension of the rebels' claims, and the fallacies of those gentlemen.

There is a very important element I just mentioned: power. When we came back from Mexico I told you that perhaps the purpose and the intentions for the dialogue really prove the willingness, or the unwillingness to attend it. The government wants the dialogue to attain peace, but the rebels evidently want the dialogue to seize power. When I say power, I mean power in its most ample magnitude, in its most ample sense; I am not only speaking of the power for destruction, which they obviously have. I am speaking of the responsible power that authority can and must have. This responsibility leads to the creation of living conditions, as well as the conditions for the protection and security of the inhabitants of a specific sector.

This is a commitment of those who are responsible to every citizen, and every community for that power that is called authority. This is a basic issue. So far, we do not know of any single school, bridge, or health center that has been built by the terrorist fronts. Yes, we know they have destroyed them. Yes, of course they have. These are precisely the sectors that have been affected the most by the terrorist actions, and thanks to the Armed Forces' presence as of 1 February when we began phases one and two of Operation Victoria the people have been able to go back to their homes and resettle those vast sectors of the national territory.

But we also were worried about something new, because they went as far as telling us at a given moment they were only going to occupy that sector for 72 hours. That brought us to a new conclusion. This clearly meant that during those 72 hours they were going to carry out destructive acts in that sector and mine the paths, roads, and access routes, because they are waging a merciless war with minies against the Salvadoran people.

Thus, these are the arguments and the legal basis. On behalf of the government, I must point out that the government has a legal and moral obligation to maintain public order and protect people throughout the nation. Also, under no circumstances could we think that the Armed Forces -- the element of protection that maintains public order, offers security, and maintains tranquillity -- could leave those places, creating a defenseless sensation. That area clearly correspended -- as our vice president said -- to the seven towns in the San Miguel Department and three towns in the Morzan Department they requested. In other words, there were 10 towns that would be abondoned, left without security our protection. Naturally, we could not permit that. We could not allow that to happen, nor could we facilitate the destruction or occupation they intended.

[Ray Prendes] I would like for all of you to clearly understand their proposal. They wanted to divide San Miguel in two zones: the northern zone with San Gerardo, as the headquarters of the guerrillas and controled by them, and they wanted us to withdraw to Chapeltique the troops permanently stationed in Ciudad Barrios and other troops carrying out operations there. Then they wanted the Salvadoran Armed Forces to set up its center of operations in Chapeltique. In between these two cities, Sesori would be guarded by the Boy Scouts [proceeding two words in English]. In other words, this is more or less what they proposed. They did not want the demilitarization of the area. They wanted the Armed Forces to withdraw so the terrorist forces could occupy the entire northern area.

This would be equivalent to a peace conference in Europe where the Russians arrived in Holland or Belgium to negotiate, but demanded the the Germans withdraw their troops from Germany so Germany could be occupied by the Russian forces in case they had to evacuate their leaders from the area. This is more or less the idea. Pardon me for making the comparison, but this was the proposal. We insisted on discussion of the security of Sesori and the mobilization there: How are you going to enter? How are you going to Leave? How are going to enter with protection? They flatly rejected this.

[Unidentified government official] I would like to add something else. Precisely, the elements of security were never discussed during the previous two meetings. They were never the topic of negotiations because they were complementary and objective elements that had even been handed over to Msgr Rivera, who actually did the coordination work. They worked out perfectly well, even at the time of the release of the president's daughter who had been kidnapped. Thus, there was no negative background or any threat to security that might make this issue a basic element of dialogue.

I wish to mention something that is very important, things that happen inside the discussions. When the issue of demilitarization and occupation of northern San Miguel is brought up, they clearly say they did this because the representatives who are going to attend this meeting are top level representatives. In other words, the representatives attending the La Palma meeting -- Ungo, Zamora, Facundo Guardado, Nidia Diaz -- were not top-level representatives. Are they in a lower category and do they have no character? The same is true for the Ayagualo meeting. Evidently this meeting is top-level for them now because other persons are going, other gentlemen, particularly the representatives from the ERP [People's Revolutionary Army] who are dominating this aspect of the dialogue. I wanted to point this out because I think this is basic, and I repeat that the issue of security was never a problem for this type of meeting. It was never a conditional element or an influential element in the meeting. This element was left in the hands of Msgr Rivera so he could work it out in his discreet manner and it worked out very well without any problem or obstacles.

I also wish to add something else. The attitude adopted by the terrorist fronts in Panama was not an attitude adopted on the spur of the moment. It has been their permanent attitude, an attitude they adopted when the president of the Republic proposed the third round of dialogue. They have created problems; they have boycotted the dialogue; and they have tried to prevent the process of dialogue from advancing at quickly as possible. I would like to mention some incidents as examples.

On 1 June, after President Duarte convoked the third round of talks, the FMLN carried out an attack on San Miguel. This kind of action does not exactly show a political willingness to promote dialogue. When the government suggested holding private preparatory meetings to discuss the real issues behind the problem of peace, the terrorist fronts opposed the government's suggestion and said that what had to be discussed were the operational matters; the mechanisms; and the date, time, and place for the meeting; adding that the government did not wish to discuss a date, time, and place.

When the government said that it would discuss operational matters, suggesting Mexico as the site for the meeting, and appointing a high-level commission headed by the vice president of the Republic, the fronts appointed a mid-level delegation; their high-level representatives did not attend the meeting in Mexico City. They did not give the Mexico meeting the same importance the government gave it.

It was agreed in Mexico City that the third round of talks would be held in Sesori on 19 September. On the same day this decision was reached, members of the FMLN ordered a national transportation stoppage. This was not a positive move and proved that they had no political willingness. It proved that they did not wish to discuss the mechanisms for the third round of talks.

When the government decided to visit Sesori to see what was needed in order to hold the third meeting there, the other side threatened the delegation that went to Sesori. When Msgr Rivera y Damas announced that the second preparatory meeting was to be held in Costa Rica, they said no, because Msgr Rivera y Damas, by making the announcement, had broken the promise. Subsequently, they proposed Mexico as the site of the meeting, but they did this publicly through the media. Consequently, the reason they gave for not holding the meeting in Costa Rica was without merit.

When our delegation went to Panama, it went there solely to discuss the mechanisms and the security problem, which consisted of how those people could enter and leave the area, how the meeting would begin, how the time would be used, etc.

We understood that it was a very private meeting and for this reason, only three delegates appointed by the president attended.

However, they arrived in Panama with a complete publicity apparatus and reporters who were willing to make the Panama meeting a publicity show [preceding word in English] instead of private meeting to discuss the operational nature [operatividad] of Sesori.

In Panama, we maintained the position that the government was in accord with all points on which an agreement had already been reached. We also agreed that if there were any points of disagreement, they would be put aside because the important thing is to study the points of concurrence. But they assumed the opposite position: We disagreed on one point, and because of this point, all that had been accomplished was overlooked. This clearly shows how the government has maintained an attitude that evidenced the political will to hold the third dialogue ever since the president called for this dialogue, and how the other side has maintained attitudes that show the political will to boycott or try to create problems for the third dialogue. However, the attitude assumed in Panama is not an isolated attitude. It is an attitude in line with the attitude they have had ever since the third dialogue was convoked.

[Moderator] Mr Vice President, we first have (Kent Lemoin) of THE NEW YORK TIMES. Mr (Lemoin)?

[(Lemoin)] The guerillas have announced that the main problem is not exactly the demilitarization of the general area, but the withdrawal of the Arce Battalion troops because [words indistinct]. Why did you send the Arce Battalion troops to Sesori 1 or 2 days after the talks in Mexico? And, why (?haven't they been withdrawn) from Serori?

[Castillo Claramount] Lopez Nuila will answer that question.

[Lopez Nuila] I want to note that the Arce Battalion has been operating in the area north of San Miguel since 1 February. Therefore, it is not true that they were specially sent 1 or 2 days after Sesori was chosen as the place for the third dialogue. The Arce Battalion was operating in that area long before then, and it covering vast areas north of the San Miguel Department, which is the area they wanted the government to withdraw from so they occupy it.

[Rey Prendes] Allow me. They never discussed that with us. Perhaps they planned to mention that, but they did not do so. Later, they announced that to the media after they left the meeting. They never mentioned that issue in the discussions. The bishops are witnesses to this.

[Moderator] Mr Vice President, we now have reporter Catherine Matos...[interrupted by (Lemoin)]

[(Lemoin)] Pardon me a minute [words indistinct]. Why were the troops sent to Sesori? [Words indistinct] the prepartory meeting in Mexico.

[Rey Prendes] The truth is that that question was already answered [words indistinct] that the president, and he already said this publicly, had agreed to withdraw the Arce forces from Sesori. In Sesori he was going to be protected by other units, the presidential guard. But we were unable to discuss this because they refused to discuss the Sesori problem specifically, they wanted to discuss the whole northern area of the country.

Of course, by an overall discussion, we can surmise what you suggested: the withdrawal of the military forces. We did not discuss Sesori itself because they insisted on the Armed Forces' demilitarization of the northern area and their occupation of it.

[Moderator] Mr Vice President, (Catherine Masterson) of the BBC of London.

[Question indistinct]

[Castillio Claramount] They even suggested the possibility of advancing in other issues that had not been discussed because no differences had come up. However, this would have been truly absurd because if, as they clearly stated, they would not change their minds regarding this point, it was useless to discuss other matters or hold another meeting at another time. Our suggestion, which they refused to discuss -- I said this before and Rey Prendes has just reiterated it -- is important. They stuck to their proposal and refused to back down.

Later on, when they talked to the media, they made certain explanations, remarks, and proposals such as that of the 10-day deadline to hold another meeting. We told them they must make the decision. We continue to stand by all our proposals, which they refused to discuss. We maintain these proposals in the terms we have explained and have been explaining thoroughly everywhere.

We are ready to [word indistinct] that there is still time. If they really want to seek the possibility for a dialogue, there is still time. The president has reaffirmed his willingness many times. Therefore, it is not a matter of playing with 10 days more or less, or with another city, because this situation definitely will not change as long as they do not withdraw this absurd proposal, this unacceptable proposal. It is not a whimsical rejection. We have fundamental reasons to reject it. Perhaps they are not fundamental reasons for the rebels. Undoubtedly, they do not care about legality, constitutionality, or the de jure system. They do not care about security, human rights, etc. However, we do care about all those things.

[Moderator] Mr Vice President, UNOMASUNO reporter (Maria Dolores Saltiar).

[Saltiar] [Passage indistinct]...when before you decided the venue of the third round of talks, was not within the limits of Sesori, thus I would like to know how we should interpret that attitude, when international expectations were placed in Sesori, and you say that the guerrilla movement, with its demilitarization proposal, wanted to occupy that territory [words indistinct] like a demonstration of power, isn't it?

[Rey Prendes] It is very simple. We had to prepare all the appropriate conditions to hold the meeting in Sesori, and in view of the terrorism, threats, and the stoppage they had declared in the entire zone, we had to protect all the necessary works for the celebration of the meeting. We had to place the microwave antenna so all the events could be transmitted from Sesori. We had to protect all that somehow, because a bomb, or anything can easily destroy the necessary things like water...[changes thought] you know about all the efforts that were being made in Sesori, so we had to protect all that, it is absolutely and totally logical. I do not see why there is so much surprise about this, because there is a great deal of destruction. If one wants to protect something, one has to send some kind of forces to protect it. I think that is the simplest explanation that we can give.

I would like to point out that this fact has been extremely exaggerated and with it the rebels seek to justify their proposal. However, no importance has been given to the series of events explained by Mr Viera a while ago, which undoubtedly are included in a plan to boycott, destroy, and undermine the necessary climate for the diaogue. Furthermore, when we were still in Panama without having finished the talks, the rebels announced that all was paralyzed, that the talks had been hindered and bogged down, and that all was destroyed. At that same time, we were still talking. It was 1500 and we were still talking and the rebel communique had been released already. Let me point out that it was a premeditated action, in which undoubtedly they were staging a publicity battle, a struggle, in order to blame the government if things did not work out. I think the reaction at the meeting, in view of an action of such nature, was absolutely logical. I think that it is irrelevant to try to find an interpretation, [corrects himself] a justification for the rebel's attitude in the necessary protection we gave to Sesori, and to all the work that had to be done there. It is their attitude that must be analyzed because that is what really hinders the dialogue and clearly shows the goals that the rebels pursued and continue to pursue with this attitude.

[Moderator] Miss Nancy Perlas of Tele 10 [San Salvador Television Educativa].

[Perlas] Does the fact that the FMLN is rejecting the dialogue in Sesori or in any other part of the country because these areas are militarized mean that the FMLN is admitting that it exerts no control over the national territory, and since it exerts no control in El Salvador, will the dialogue be held abroad?

[Rey Prendes] The idea of holding the dialogue abroad is a proposal made by the church, and accepted by us a long time ago. That could be a possibility, but what the rebels are recognizing with their proposals is the fact that they have not controlled and do not have permanent control over any part of the country. That is to say, the moment the Armed Forces wants to reach a particular place, they withdraw. They can be in some place, camp, town, canton, or hamlet, but the moment the Armed Forces wants to reach a particular place, they withdraw. They can occupy a town or hamlet, they can control a city that is unprotected, but the moment the Armed Forces arrive they withdraw. That is to say, they do not and never have maintained permanent positions and that is what they want to do now, somehow.

[Moderator] Mr Rene Hurtado of DIARIO EL MUNDO and Radio YSKL.

[Hurtado] Yes, especially for Col Reynaldo Lopez Nuila regarding the statements he made on the FMLN's position. To us that position was new. I wanted to ask you about the government interpretation of the FMLN position on the demilitarization, and especially if it is the government's idea or if it was so stated by the guerrillas. On the other hand, if my memory does not fail me, in the statements made in Panama by the FMLN representatives, they referred to the problem of the presence of the Arce Battalion in Sesori, which is commanded by Col Staben. According to the guerrillas, Col Staben's position regarding the dialoge is well-known so they want that battalion to be withdrawn. [Words indistinct] would like you to explain this issue further.

[Rey Prendes] Samayoa yielded the floor to ERP Commander Ana Guadalupe Martinez. She made the proposal. She began by saying that the rebels were making a great concession because they previously demanded 20 km of demilitarization around Sesori.

Secondly, they said that they were not making a demilitarization proposal but a prevention proposal, a prevention zone proposal. Quoting Ana Guadalupe, the Army must not be present in Sesori or other municipalities like Nuevo Eden de San Juan, San Gerardo, San Luis de la Reina, Carolina, or San Antonio del Moco. They want the Army to withdraw the battalion permanently stationed in Ciudad Barrios. They want the Army to transfer this battalion to Chapeltique and establish the general headquarters there. This would be to prevent problems between the two armies. According to them, San Gerardo would then become the general headquarters for the guerrillas and, as we had proposed, with the possibility of estahlishing an embassy there. [sentence as heard]

Chapeltique, they have repeated could then be the point where the Armed Forces would be directing the zone under its control, the southern area. This, they have said, will guarantee and allow a prevention zone.

Thus, Sesori would be controlled by the Scouts, the Church, and the two armies, one toward the north, and a second one toward the south. This is the proposal they made. They have not mentioned Arce Battalion at all, or Lt Col Staben, although it seems that Col Staben is in his command. What is the name of the colonel?

[Unidentified official] Col Corado Figueroa.

[Rey Prendes] Col Corado Figueroa is in command of the forces stationed in Sesori at this moment. Then we discussed this matter, and again, Ana Guadalupe told us about Berlin's case. She said: To show you that we can be everywhere, yesterday we attacked Berlin. We were fighting and struggling in the Berlin streets and inflicted approximately 60 casualties. Thus, we have been in Berlin and we can be anywhere. The FMLN attacked Berlin, which is a war zone and one of the most conflict-ridden areas of the country. The Army does not have any problem in this area, they said. [sentence as heard]

This is the rebels' proposal I myself jotted down point by point in this notebook, which may later be part of history. The truth is that they made their proposal. We insisted: Why don't we discuss Sesori security in Sesori, where the military forces will be, and will a corridor exist for the rebels to move freely in this area so that you can come and go without the presence of the Armed Forces troops? We can discuss all these: the matter regarding vehicles; we can set up an embassy in Sesori, we can set up another embassy in another city. There are so many things to discuss concerning security; however, they insisted on their point. This is why we spent almost 24 hours on this from the time they made their proposal on Saturday, after the agenda had been agreed on. Therefore, we told them that it was impossible to discuss their proposal. Their proposal was to have the Armed Forces abandon a part of the national territory, so the rebels could occupy it. I told them, let's discuss security in Sesori, I insisted myself on this point several times. They witnessed -- as did the bishops -- that we, I myself, asked them about this several times.

We met for several hours on Sunday, until it was very late, but they insisted on their proposal, the rebels did not want to discuss security in Sesori, did not want to discuss the Arce Battalion, did not want to talk about Staben. They mentioned all these things during their news conference, but they did not mention these points to us at all.

[Question indistinct]

[Rey Prendes] All they said has been written down in the monsignor's notes. Thank you.

[Unidentified Italian reporter] I believe [words indistinct] to the third round of talks. [words indistinct]

[Rey Prendes] Let me speculate on that, because we do not know precisely what they are planning. Nevertheless, I believe they tried to obtain all possible advantages, including the occupation of an area to show the whole world that they occupy an area. They made many efforts to achieve this. However, I cannot tell whether or not they have intentions to hold a dialogue. I hope they do; I hope this was only a maneuver to obtain political and military advantages or advantages of some other nature. Some of them have shown, as Roberto Viera said, that there was indeed an inclination towards not holding a dialogue. I believe at this moment that they had no intention of holding a dialogue, no wish to hold a dialogue. Since the third round of talks was proposed, they have presented too many problems; however, regarding a dialogue some day and some time, I hope tht theirs will not be a definitive decision not to hold meetings of this nature, so an agreement can be reached. In a way, this is speculation, as this is rather a question for the rebels.

[Unidentified government official] I would like to interpret the reason for this. For the rebels, the dialogue is conceived as a tactical instrument of war, and it gives results according to their military situation. If they do not have an advantageous military situation, the dialogue for them, at that moment, is not valid, not feasible, it turns into an instrument that can backfire. The dialogue for us is not an instrument of war. For us, the dialogue is not an instrument to hold power; however, they use it as one more instrument in the struggle to take over power. Thus, they pay attention to dialogue according to other factors of the moment: the military, political, and social factors of the moment. This is not our point of view. Our point of view is that dialogue is a political instrument all human societies should take into account in the search for solutions to problems, regardless of the nature of the problem. This is our opinion on why the rebels have a concept of dialogue so very different from ours.

[Rey Prendes] Perhaps one tends to be confused sometimes because there are disagreements among the rebels, there are armed terrorist sectors who favor dialogue; and there are other sectors that want to hinder the dialogue. There are FDR sectors who wish to see this matter cleared up, they are frustrated, tired, but there are others who do not. That is, they have disagreements among themselves, there is no unity in their proposals, and in this sense, it is sometimes difficult to be able to provide a clear interpretation of the dialogue.

[MIAMI HERALD reporter] Minister Rey Prendes, I have a question for you: There have been two previous experiences with the dialogue. During the first round of talks, the area was demilitarized and the two parties were in complete agreement. It is a well-known fact that during the second round of talks in Ayagualo the Army was in control of the area. Why is it that this time no agreement has been made? Could it be that you feel that the guerrillas will occupy the area?

[Rey Prendes] We have not discussed that. They presented a proposal for the occupation of the area north of San Miguel. We could not discuss Sesori. They were arguing for 516 sq km. We could not discuss Sesori. Now, may I point out that in Mexico we briefly considered the problem that occurred at La Palma. We also considered the subject of a demilitarization. They admitted that they were armed to the teeth in La Palma. Those were only commentaries, informal talks. In the formal talks today [as heard], we did not discuss Sesori. We only considered the overall proposal related to the more than 500 sq km. I want to make this very clear.

[Moderator] There are no more questions. Thank you very much.

[Rey Prendes] Thank you.

FMLN-FDR Issue Communique

PA171308 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 17 Sep 86

[Communique issued by the FMLN General Command and FDR Executive Committee in El Salvador -- dated 15 September 1986]

[Text] Yesterday was the end of the meeting held in Panama City between the Salvadoran Government and the FDR-FMLN delegations to discuss pending issues for the preparation of the third found of talks in Sesori.

The preparatory meeting concluded without positive results because of the government's attitude, which represents a mockery to the Salvadoran people's peace aspirations and to the hope of the international community for a political solution to the Salvadoran conflict.

As a matter of fact: 1. The government of Napoleon Durate unilaterally interrupted the dialogue for almost 2 years. In the meantime our fronts made several proposals to resume it.

2. The deterioration of his government forced Napolean Duarte to submit a proposal for a dialogue, on 1 Junuary this year, aimed at regaining some political prestige and establishing the conditions to continue receiving millions of dollars in aid from the U.S. Government.

3. This dialogue proposal has been nothing more than a sham. Napoleon Duarte has evaded and postponed a decision for the pat 3 and 1/2 months.

4. During the preparatory meeting held in Mexico City, we suggested Sesori as the site for the third round of talks because neither the Army nor the other repressive bodies had any permanent base in this city. The day after both parties had agreed on Sesori as the site of the dialogue, the city was militarized by troops of the Arce Battalion, which is under the command of Col Maurico Staben, to impose on us a dialogue to be held under the pressure of their arms. The appointment of Staben to effect the city's militarization is by all means a provation, inasmuch as Col Staben is responsible for the death of our Commander Yaneth Samour, who was tortured and had an arm, leg, and finally her head cut off. Besides, Staben was recently arrested on charges of kidnapping several businessmen. So far, Duarte has not had the power to punish him, or even to relieve him of his command.

5. Despite the provocative attitude of Duarte's regime, we thought that in Panama we were going to reach the proper conditions for the third round of talks. To the government's first refusal to the truce, we proposed that we ediscuss the agenda for the meeting in Sesori, which was agreed. Next we went on to discuss the security problems. When our delegation submitted other alternatives to the security problems, Lopez Nuila said they were not negotiable and that the delegation would not even consult the government and the Armed Forces High Command. The meeting was suspended until the next day. They even threatened not to attend the meeting if we did not accept those conditions. In view of their intransigent attitude, we asked the intermediary to have the government's delegation attend the meeting. In an effort to give continuity to our discussion, we proposed discussion of the other pending issues. Our proposal was flatly rejected. We suggested continuing the talks within 10 days, but this was also rejected.

6. The government's delegation also said that the minimum agreements we had reached would be null and void if we did not go to Sesori on 19 September under the conditions submitted by the government. This confirmed a lack of political will by the government to hold a dialogue.

7. Finally, the government's delegation said that President Duarte would go to Sesori even if our delegation did not attend the meeting. This reveals a preconceived position, because these terms coincide with the public statements made by Duarte a few days before the meeting in Panama City. Today Duarte has reaffirmed what we have denounced, thus engaging in a dangerous game. His strategy of making proposals and afterwards bogging down the discussion in a maneuver that is losing effectiveness.

We will continue making efforts toward a dialogue under conditions guaranteeing the seriousness, security, and achievement of positive results that will benefit the people. We wish to thank the Panamanian Government for the facilities provided for the meeting and the intermediary for his efforts in making the meeting possible. We request that he continue making efforts to resume the preparatory meetings for the third round of talks in Sesori. We demand that the government assume a responsible attitude.

FMLN General Command

FDR Executive Committee

El Salvador, 15 September 1986

HONDURAS

GOVERNMENT CLAIMS CONTRA PLANE CRASH UNCONFIRMED

PA171616 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 17 Sep 86

[Text] The Honduran Government and Armed Forces yesterday said that they still have no official report on the crash of a C-47 plane last Friday in eastern Honduras. The plane bore no emblems and apparently had been repainted and identified only as N667H. It was presumably carrying medicine, boots, and other nonlethal military material, when it crashed in the vicinity of Teupasenti, Paraiso Department, on the Nicaraguan border.

NICARAGUA

ORTEGA ADVOCATES HOSTING NONALIGNED MEETING

PA170217 Managua Radio Sandino in Spanish 1930 GMT 16 Sep 86

[Text] Nicaraguan President Daniel Ortega said in Pyongyang today that Nicaragua hopes the nonaligned countries will not yield to the U.S. Government's blackmail and that they will hold their ninth summit in our country.

During a news conference held shortly before ending his official and friendly visit to the DPRK, Ortega reported the campaign that the U.S. Government has been waging for months -- even before the eighth summit in Harare -- to try to prevent support for Nicaragua's request to host this next summit.

He also said that even in the capital of Zimbabwe the U.S. Embassy circulated a document trying to convince some governments not to support Nicaragua as a proposed host country. He remarked: The United States does not want the Nonaligned Movement to express its trust in and solidarity with Nicaragua by agreeing to hold their ninth summit in Nicaragua because this goes against the U.S. isolationist policy.

He added that because other countries support and recognize Nicaragua and this country has become a defender of international juridical order by winning a battle against the United States at The Hague International Court of Justice, the U.S. Administration is bent on preventing the nonaligned countries from backing Nicaragua's request to host the summit.

Referring to the relations between Nicaragua and the DPRK, he said that the relations strengthen ties between friendly countries. He further said: After this visit, we feel that our relations with the DPRK, Companero President Kim Il-song, Comanero Kim Yong-nam, and the Korean people have been strengthened. In addition, he said that he discussed bilateral cooperation with the DPRK leader so that the Nicaraguan economy can continue to work even in these difficult circumstances of the U.S. imposed blockade and economic embargo.

HONDURAN OFFICER REPORTEDLY ABOARD CONTRA PLANE

PA171614 Managua International Service in Spanish 1403 GMT 17 Sep 86

[Text] A colonel of the Honduran guard [guardia] was aboard the plane of the Somozist counterrevolutionaries that crashed Friday 55 km from Tegucigalpa. The officer has been identifed with the last name of (Calderini) and is responsible for coordinating the activities of the Somozist guardsmen with those of the Honduran Armed Forces.

The plane -- a C-47 with license number M-6664 -- was delivered by the U.S. Government to the FDN [Nicaraguan Democratic Force] a few months ago at Toncontin Airport, where it was painted white to disguise it.

According to reports, the plane was flying from Tegucigalpa to the Aguacate Air Base with the military supplies, ammunition, boots, and medicine. Residents of Teupasenti, site of the crash, confirmed that the plane's six crewmen were evacuated aboard a Honduran Air Force helicopter bearing the number 972.

DANIEL ORTEGA-LED DELEGATION ARRIVES IN GDR

For GDR media accounts of the visit to GDR by a Nicaraguan delegation led by Daniel Ortega, including his talks with SED General Secretary and Chairman of the Council of State Erich Honecker, and a press conference held in Berlin, see the German Democratic Republic section of the 18 September Eastern Europe DAILY REPORT and subsequent issues.

AIR FORCE HELICOPTER CRASHES IN JINOTEGA

PA180203 Managua Domestic Service in Spanish 0135 GMT 18 Sep 86

[Text] A Sandinist Air Force helicopter has crashed 28 km northwest of Apanas, Jinotega Department. The pilot survived the accident, but the copilot and technician died.

We now release the informative bulletin issued by the Nicaraguan Defense Ministry, which reads:

On 17 September 1986, at 0835 a Sandinist Air Force helicopter crashed as a result of bad weather in the area. The MI-17, No 302 helicopter crashed in the area known as Chaguiton, 28 km northwest of Apanas Jinotega Department.

As a result of the fatal accident, the following companeros died: Second Lieutenant Antonio Chavarria Vargas, the helicopter copilot, and Second Lieutenant Marvin Avilez Santamaria, the helicoper technician. The helicopter pilot, Lieutenant Luis Pineda, is injured, but his life is not in danger.

Managua, 17 September 1986, Public and Foreign Relations Directorate of the Nicaraguan Defense Ministry.

AUTHORITIES RELEASE PLI LEADER GUZMAN

PA172217 Panama City ACAN in Spanish 0330 GMT 16 Sep 86

[Text] Managua, 16 Sep (ACAN-EFE) -- The Sandinist government today released Bayardo Guzman, one of the three national vice presidents of the Independent Liberal Party (PLI). Guzman himself confirmed his release to ACAN-EFE in a brief telephone conversation from his home in the neighboring city of Masaya.

The liberal leader said that he was in jail for 15 days, during which the authorities did not file any charges against him. "During those days I was isolated in a cell measuring 1.5 by 3 meters, where I could see no one," Guzman said.

The PLI leader said that during his time in jail he lost weight and had difficulty walking. Members of the PLI's National Directorate visited Guzman at his home this afternoon. Liberal sources said the Sandinist authorities did not file any charges against Guzman.

Thus far, official sources have not given any reason for arresting the PLI leader.

The PLI's national President Virgilio Godoy Reyes and leaders of the Movement for the Unity of Independent Liberals [Movimiento por Unidad de los Liberales Independientes] had been trying to gain Guzman's freedom.

MINISTER DENIES CHURCH PROBLEMS WITH GOVERNMENT

PA121752 Madrid EFE in Spanish 0108 GMT 12 Sep 86

[Text] Madrid, 11 Sep (EFE) -- Nicaraguan Education Minister Father Fernando Cardenal said today in Madrid that the Nicaraguan church has not had any problems with the Sandinist government, although he emphasized that "some bishops" have had "serious political problems."

Cardenal, who is participating this week in the "Sixth Congress of Theology" organized by the "John XXIII" Association of Theologians, reiterated that "there is no contradiction between Christianity and the revolution," but he indicated that since "the Nicaraguan Christians and the Nicaraguan revolution have married, there is a sector of the church hierarchy that is doing everything possible to obtain a divorce." He stated that the sector of the church that married capitalism "sees a threat from the existence of a church of the poor and thus wants to destroy it."

To this effect he assured that part of the Nicaraguan bishops, particularly Miguel Obando and Pablo Antonio Vega (the latter was recently expelled from Nicaragua), "are provoking the government."

The majority of the people are Christian, he added, and have joined the revolution, but some bishops "seek a confrontation," although he emphasized that with the recent arrival of a new apostolic nuncio "apparently a door to dialogue is opened. Now, there are slight, but significant indications that the Vatican has a new policy." He insisted that in Nicaragua "we are all engaged in politics," and there is freedom to voice opposition to the government, but he emphasized that "treason to the fatherland" is not permitted.

To this effect, he assured that Bishop Pablo Antonio Vega was expelled not because he was waging opposition but because he "betrayed the country" during his trips to the United States to support President Reagan in granting money to the Nicaraguan "contras." According to Cardenal, only the U.S. Government is "harassing" the independence of Nicaragua, and he denied any dependence on other countries, such as the USSR.

"We are disproving the theory," he said, "that one has to be the slave of one of the two great powers, and it is necessary to show that being a slave is not a requirement of history."

Concerning the newspaper LA PRENSA, he commented that it was not closed due to its opposition to the government, but due to its stand supporting a U.S. invasion. He pointed out that a poor country such as Nicaragua that has been sacked by Somozism, shaken by an earthquake, and threatened by the U.S. Government must defend itself through all legal means. "it has been," he said, "a legal and just action for its treason to the fatherland in times of war."

Regarding education, the education minister said that at the time the Somozist dictatorship ended, there were only 500,000 students in a population of 3 million, while now there are almost 1 million.

During Somozist tmes there were 3 teachers' schools, and now there are 14; before there were 12,000 teachers, and now there are over 40,000, while illiteracy has dropped from 51 percent to 12 percent, he added.

RADIO COMMENTARY ON CIA 'SUPPORT' OF CONTRAS

PA180005 Havana International Service in Spanish 2300 GMT 16 Sep 86

["Our America" commentary read by Norberto Hernandez]

[Text] There are things that provoke anger and alarm once their existence is confirmed, even if that existence was already known. This is the case of the complete control the CIA has over the bands composed of former Somozists that in recent years have murdered more than 11,000 Nicaraguan citizens.

It happens that the new secretary general of the self-styled Nicaraguan Opposition Unity -- a terrorist organization that is waging an undeclared war of Washington against the people of Sandino -- has been a declared CIA agent since 1980. We are talking about Leonardo Somarriba, right-hand man of Nicaraguan businessman Jorge Salazar who died in a clash with Sandinist policemen 6 years ago when he was carrying out terrorist activities.

Somarriba stayed in prision for 1 year and was then pardoned. Reports about the activities of this chieftain have been made by somebody close to him, by former counterrevolutionary leader Edgard Chamorro who in 1984 deserted from the ranks of the former Somozist guards. According to Chamorro, who has much information in this regard, it was Somarriba who on behalf of the CIA, personally recruited him in 1982. This clearly indicates that the U.S. agency for subversion and espionage controls not only the supplies and training of the mercenaries attacking Nicaragua but also directs them, exercising this direction through persons like Somarriba.

It is a well-known fact that the CIA pulls the strings of the Nicaaguan counterrevolutionaries and that it was behind the efforts to unite the Nicaraguan Democratic Force and the Democratic Revolutionary Alliance, an effort that gave birth 12 months ago to the so-called UNO. Traitor Eden Pastora was left out because of internal contradictions between masters and servants.

The CIA hand is so deep into the counterrevolutionary activities against Nicaragua that the CIA had donated $50 million to the contras before the U.S. Congress approved the $100 million for those groups. The barrier was lifted with congressional approval. The CIA expects to give an additional $100 million to the mercenaries. U.S. media sources, such as the weekly NEWSWEEK, believe that the CIA men expect to give $400 million to their godchildren.

While it is true that the counterrevolutionaries are unable to break the Sandinist revoluution, with this $100 million the counterrevolutionaries can engage in profitable businesses such as drug-trafficking and the purchase and sale of real estate, and they can also make some noise throughout the world opening propanganda offices supported by rightist groups in various countries.

This is the case of the office that was opened in Buenos Aires with the backing of the so-called Democratic Center Union [Union de Centro Democratico]. The purpose of this office is to promote political and material backing for the mercanaries. Those who usually deny credit to those who denounce Washington's hegemonist habits now have clear evidence that they are acting worngly, or is it perhaps that they plan for Somarriba's team also?

ROLE OF U.S. NATIONAL GUARD REPORTEDLY CHANGING

PA180140 Havana International Service in Spanish 0000 GMT 17 Sep 86

["Viewpoint" commentary read by Mario Montes]

[Text] Before Ronald Reagan assumed the top White House post, the U.S. National Guard was theoretically a corps made up of temporary soldiers who spent a few weeks on duty, or rather, on something which could be called a state of alert against natural disasters, major accidents, and the like. However, one of its objectives was to defend the territory of the state it belonged to, during times of war. Only in those cases -- some naive legal experts believed -- would it come under the Pentagon's orders. Still, the National Guard was used to repress demonstrations, especially when the U.S. people opposed the Vietnam war. It was also used to stop the black people's struggle for their civil rights.

However, the Ronald Reagan government has totally changed the image of this organization by virtually turning it into an offshoot of the Pentagon. This is no attention-getting phrase. Let us see: National guardsmen have participated in war maneuvers in Honduras, in the U.S. invasion against Grenada, and piloted refueling airplanes which refueled in midair the F-111 airplanes that bombed the Libyan cities of Tripoli and Bangazi, killing and injuring many civilians.

We stated earlier that Reagan had turned the National Guard into an offshoot of the Pentagon. Still, there is more to that because the yankee President wants to change that corps into a fundamental element within the U.S. offensive power. Armed with the most modern means and trained under the most demanding conditions, the national guardsmen fly 78 percent of intercept [intercepcion] airplanes and constitute 44 percent of the combat units which the yankee Army has, according to a recent press report. The weekend warriors, as they were once called, now number 440,000 armed men, not counting 220,000 men in the reserves. However, the change the U.S. President has made in these forces has not gone unnoticed in his country's puyblic opinion. State governors especially, to whom the National Guard was formerly subject to, have not completely accepted it.

As a matter of fact, several factors come into play here, governors, like Maine's Joseph Brennan and Arizona's Bruce Babbitt, who disapprove of the White House policies in Central America, oppose having their respective National Guards become involved in the problems of that region and have told Ronald Reagan so. The rejection of the President's plans regarding the National Guard came into the open during the governor's annual convention. They approved a resolution opposing any decision granting the President powers to say where to send the state soldiers during peacetime. The opinions on the matter vary greatly. Everyone knows that congressional elections are scheduled for November and that the Republicans, with Reagan leading the way, want to please the electorate and avoid any obstacles to at least retain their current influence in Congress. The resolution approved by the governors represents a reaction to a bill the U.S. Government has introduced in Congress to control the National Guard. In this way, it would not only become the seventh army in the free world, as TIME magazine euphemistically said, but would also be a complement to the mercenaries and the over half a million soldiers Washington has outside its borders. In sum, it would constitute another threat to world peace and security.

RADIO COMMENTS ON HABIB'S CENTRAL AMERICA TOUR

PA161156 Havana International Service in Spanish 2300 GMT 12 Sep 86

["Our America" commentary read by Norberto Hernandez]

[Text] The tour in Central America of Philip Habib, U.S. special envoy to Central America, has revived the possibilities of a direct attack by Washington against Nicaragua and the fears that the conflict that the White House is stirring up will turn into a new Vietnam.

With a sorrowful look and wails that are not relevant and do not resolve the problem at all, Costa Rican President Oscar Arias said after his dialogue with Habib that the war against Nicaragua is approaching. This is a very serious remark, which came after a meeting with a personal envoy of Ronald Reagan, and comes from a president that likes to flirt with the U.S. warmongering position. The political leaders of the area have much responsibility in Central America and in the increase of aggression against a brother nation. The sad and shameful statement by Honduran President Jose Azcona when he was asked if his country would agree to continue supporting the Nicaraguan counterrevolutionaries should be remembered. When you are poor, you cannot have dignity, Azcona said. This means selling your soul to the devil for a few dollars.

More can be said about the dangerous situation in the mentioned geographical area. At the same time Habib was in his warmongering tour in Central America, William Walker, deputy assistant secretary of state for Central America for the yankee State Department, charged that Nicaragua was promoting terrorist actions against the U.S. Embassies and diplomatic offices in the area.

Many observers remember that the yankee bombings against Libya, in April also had as a pretext the alleged Tripoli promotion of terrorism, even though Ronald Reagan was unable to present any evidence of this.

The truth is that the U.S. President wants to destroy the [words indistinct] Sandinist nightmare before his term ends. It is like a senile whim he wants to have fulfilled at all costs, even though in a few years, the U.S. people will have to experience -- in addition to the Vietnamese syndrome -- the Nicaraguan syndrome. The truth and the reality is that Nicaragua will resist and it can resist all foreign aggression, and the U.S. troops that invade Nicaragua will be bogged down as they were in Vietnam, and, furthermore, beyond the Nicaraguan borders. The flames of the war will undoubtedly burn those who are accomplices today or those with stern faces.

In October, the counterrevolutionaries will begin to receive the $100 million approved by the U.S. Congress. A similar sum given by the CIA behind the scenes will be added to the $100 million. Defeat is predicted for the mercenaries, who lack all fighting spirit and who have never been capable of consolidating any Nicaraguan territory. This factor could accelerate the path for direct intervention by the United States in one of its customary fits of madness.

The path of negotiation is a permanent Nicaraguan proposal that remains open to those who want to adopt it. Nevertheless, the madmen should not forget that the Sandinist revolution is as firm in the search for peace through dialogue as it is in the struggle to defend itself from any aggressor.